VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

CONTENTS

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vascular Cures and Pacific Vascular Research Institute

We have audited the accompanying combined statements of financial position of Vascular Cures (a not-for-profit organization) (the "Corporation") and Pacific Vascular Research Institute (a not-for-profit organization) (the "Institute") as of June 30, 2015 and 2014 and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MARCUMGROUP
MEMBER

Marcum LLP ■ 101 Montgomery Street ■ Suite 1900 ■ San Francisco, California 94104 ■ **Phone** 415.432.6200 ■ **Fax** 415.432.6201 ■ **marcumllp.com**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vascular Cures and Pacific Vascular Research Institute as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

San Francisco, CA
December 2, 2015

VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	$ 324,143	$ 162,629
Restricted cash and cash equivalents	113,084	118,374
Investments	2,628,406	2,383,031
Contributions receivable	475,000	316,400
Prepaid expenses	10,086	6,430
Total Current Assets	3,550,719	2,986,864
Long-Term Assets		
Contributions receivable	734,825	437,500
Property and equipment, net of accumulated depreciation	--	717
Deposits	2,093	4,252
Total Long-Term Assets	736,918	442,469
Total Assets	$ 4,287,637	$ 3,429,333

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2015 AND 2014

	2015	2014
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 54,866	$ 28,396
Net Assets		
Unrestricted	1,811,344	866,172
Temporarily restricted	918,927	1,032,265
Permanently restricted	1,502,500	1,502,500
Total Net Assets	4,232,771	3,400,937
Total Liabilities and Net Assets	$ 4,287,637	$ 3,429,333

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Revenues, Gains, and Other Support					
Contributions	$ 1,381,057	$ 67,750	$ --	$1,448,807	$ 1,376,782
In-kind revenue	102,369	--	--	102,369	69,098
Event income	168,900	--	--	168,900	136,330
Total Revenues, Gains and Other Support	1,652,326	67,750	--	1,720,076	1,582,210
Investment Income					
Dividends	968	51,693	--	52,661	20,084
Interest Income	144	--	--	144	17,729
Net realized and unrealized gain on investments	(929)	(1,837)	--	(2,766)	162,195
Total Investment Income	183	49,856	--	50,039	200,008
Net Assets Released From Restrictions	216,403	(216,403)	--	--	--
Total Revenue and Support	1,868,912	(98,797)	--	1,770,115	1,782,218
Operating Expenses					
Program Services					
Wylie Scholar Program	153,531	--	--	153,531	152,350
VC3	61,349	--	--	61,349	12,453
Vascular Cures Research Network	199,159	--	--	199,159	221,329
Binkley Visiting Professor Program	7,435	--	--	7,435	11,120
Education and Community Awareness	111,754	--	--	111,754	109,098
Total Program Services	533,228	--	--	533,228	506,350
Supporting Services					
Development	212,924	--	--	212,924	199,763
General and administrative	177,588	14,541	--	192,129	116,474
Total Supporting Services	390,512	14,541	--	405,053	316,237
Total Operating Expenses	923,740	14,541	--	938,281	822,587

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Increase in Net Assets	945,172	(113,338)	--	831,834	959,631
Net Assets - Beginning	866,172	1,032,265	1,502,500	3,400,937	2,441,306
Net Assets - Ending	$ 1,811,344	$ 918,927	$ 1,502,500	$4,232,771	$ 3,400,937

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	Wylie Scholar Program	VC3	Vascular Cures Research Network	Binkley Visiting Professor Program	Education and Community Awareness	Total Program Services	Development	General and Administrative	Total Supporting Services	Total Expenses 2015	Total Expenses 2014
Expenses											
Salaries	$ 1,740	$ 40,718	$ 55,718	$ --	$ 52,940	$151,116	$ 59,874	$ 69,306	$129,180	$ 280,296	$ 250,078
Wylie Scholar Program	150,000	--	--	--	--	150,000	--	--	--	150,000	150,000
In-kind services and goods	1,200	--	49,159	--	--	50,359	38,548	13,462	52,010	102,369	69,098
Accounting	--	--	--	--	1	1	--	29,751	29,751	29,752	26,773
Consulting	--	6,815	23,157	--	21,538	51,510	51,005	900	51,905	103,415	94,802
Health Insurance	148	3,470	4,740	--	4,467	12,825	5,067	4,471	9,538	22,363	25,359
Rent	236	5,521	7,560	--	7,205	20,522	8,139	7,321	15,460	35,982	32,906
Payroll taxes	114	2,660	3,646	--	3,492	9,912	3,938	4,217	8,155	18,067	16,470
Events/activities	--	--	--	7,403	15,641	23,044	36,495	--	36,495	59,539	52,219
Marketing and communication	--	--	--	--	1,256	1,256	1,972	155	2,127	3,383	22,161
IT infrastructure	16	373	515	--	506	1,410	610	456	1,066	2,476	3,110
Office expenses	20	469	641	--	606	1,736	687	606	1,293	3,029	12,589
Investment management fee	--	--	--	--	--	--	--	14,541	14,541	14,541	12,149
Insurance	13	299	410	--	394	1,116	443	3,793	4,236	5,352	3,972
Receivable present value discount	--	--	--	--	--	--	--	30,325	30,325	30,325	--
Postage and delivery	--	--	--	--	1,603	1,603	601	392	993	2,596	3,095
Telephone/internet	37	860	1,177	--	1,117	3,191	1,263	1,115	2,378	5,569	3,195
Research Database	--	--	16,500	--	--	16,500	--	--	--	16,500	19,626
Research support	--	--	33,312	--	--	33,312	--	--	--	33,312	21,051
Office infrastructure	--	--	2,400	--	776	3,176	1,562	3,537	5,099	8,275	--
Depreciation	--	--	--	--	--	--	--	717	717	717	760
Travel, meals and meetings	--	--	--	32	--	32	345	6,123	6,468	6,500	3,174
Miscellaneous expense	7	164	224	--	212	607	2,375	941	3,316	3,923	--
Total Expenses	$ 153,531	$ 61,349	$199,159	$ 7,435	$ 111,754	$533,228	$ 212,924	$ 192,129	$405,053	$ 938,281	$ 822,587

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows Provided by (Used in) Operating Activities		
Change in net assets	$ 831,834	$ 959,631
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	717	760
Net realized and unrealized gain on investments	2,766	(162,195)
Dividends, net of fees from investments	(38,120)	(25,476)
Changes in assets and liabilities:		
Restricted cash and cash equivalents	5,290	(24,108)
Contributions receivable	(455,925)	(724,550)
Prepaid expenses	(3,656)	2,775
Deposits	2,159	(1,805)
Accounts payable and accrued expenses	26,470	(8,128)
Net Cash Provided by Operating Activities	371,535	16,904
Cash Flows From Investing Activities		
Proceeds from sale of investments	193,405	939,758
Purchases of investments	(403,426)	(969,758)
Net Cash Used in Investing Activities	(210,021)	(30,000)
Net Increase (Decrease) in Cash and Cash Equivalents	161,514	(13,096)
Cash and Cash Equivalents - Beginning	162,629	175,725
Cash and Cash Equivalents - Ending	$ 324,143	$ 162,629

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 - NATURE OF THE ORGANIZATIONS

Vascular Cures ("VC" or the "Corporation"), formerly the Pacific Vascular Research Foundation, is a nonprofit public benefit corporation that was incorporated in the state of California on March 29, 1982. The Corporation changed its name in April 2008 to The Foundation for Accelerated Vascular Research, on November 13, 2009 to Vascular Cures – The Foundation for Accelerated Vascular Research and again on April 1, 2010 to Vascular Cures.

VC is transforming vascular health through supporting innovative patient-centered research aimed at developing new ways to treat vascular disease and the effects of vascular injury, and patient-centered healthcare aimed at improving patient outcomes. Vascular Cures is a unique and powerful catalyst to accelerate progress through collaboration. It has provided funding to 17 surgeon-scientists across North America through its Wylie Scholarship Programs and created the Vascular Cures Research Network ("VCRN"). VCRN will be a national consortium that is expected to ultimately include world-class vascular surgeon-scientists from 10 medical centers across the United States. These centers are collaborating to do research and create a national vascular bio-bank and associated database of clinical outcomes. The goal of VCRN is to accelerate the development of treatments that reflect an individual's biology. VC has initiated Project Voice to advance patient-centered healthcare, including collaboration among stakeholders, patient-reported outcomes research, patient engagement and improved patient-physician partnerships. VC receives financial support from the general public and grant giving institutions and foundations, and supports medical research in the area of vascular disease by the use of grants and contributions

In July 1999, VC formed the Pacific Vascular Research Institute (the "Institute"), a nonprofit public benefit corporation. The Institute provided funds to a vascular research laboratory, known as the Laboratory for Accelerated Vascular Research ("LAVR"), within the Parnassus facilities of the University of California, San Francisco ("UCSF"). The Institute is managed by leaders of Vascular Cures and does not receive independent funding.

The accompanying combined financial statements include the accounts of VC and the Institute. All material intercompany transactions and accounts have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The net assets, revenues, gains and losses, expenses, and other charges in the accompanying combined financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, the net assets of VC and changes therein are classified as follows:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Unrestricted Net Assets
Represent net assets that are not subject to donor-imposed stipulations and are available to support VC's operations.

Temporarily Restricted Net Assets
Represent contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Contributions restricted for a purpose that are met within the year are considered unrestricted.

Permanently Restricted Net Assets
Represent contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization. Contributions are to be held as investments in perpetuity, but VC is permitted to expend the income (or the economic benefits) derived from the donated assets as directed by the original donor.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

VC places their cash and money market accounts with high quality institutions. Cash and cash equivalents include highly liquid investments with original maturities of three months or less at time of purchase. The balances in these accounts may at times exceed federally insured limits or may not be federally insured. Management of VC believes these funds are not exposed to significant credit risk.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH

VC holds a separate cash account for the tracking and recording of the Wylie Scholar Program, a temporarily restricted account. All deposits are maintained in money market accounts, which mature in three months or less.

INVESTMENTS

Investments are carried at the quoted market value of the securities and are subject to market fluctuations. VC classifies securities with maturity dates of 12 months or less as current assets and securities with maturity dates of over 12 months as long-term assets on the statement of net assets. Generally, gains and losses are reflected as increases or decreases in the unrestricted net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses. Currently, VC classifies, in accordance with the donor's stipulation, investment returns on restricted donations as temporarily restricted net assets until VC approves the use of these funds.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Per ASC 820-10, "Fair Value Measurements and Disclosures", VC has used a three-tiered fair value hierarchy of valuation techniques, which prioritizes the inputs used in the valuation methodologies, as follows:

- Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.
- Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs reflecting the entity's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table represents VC's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2015. There were no changes in classification between June 30, 2015 and June 30, 2014:

	June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 1,446,762	$ 1,446,762	$ --	$ --
Bond mutual funds	507,674	507,674	--	--
Money market mutual funds	673,970	673,970	--	--
Total	$ 2,628,406	$ 2,628,406	$ --	$ --

In accordance with ASC 820-10, the following table represents VC's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2014:

	June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 1,047,695	$ 1,047,695	$ --	$ --
Bond mutual funds	834,080	834,080	--	--
Money market mutual funds	501,256	501,256	--	--
Total	$ 2,383,031	$ 2,383,031	$ --	$ --

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give and are recognized as contribution revenue when the promise is received. Contributions receivable are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected beyond one year. VC uses the present value of future cash flows, which is an income valuation technique, for measuring the fair value of unconditional contributions receivable. In determining this fair value, VC may consider when the promise is expected to be collected, the credit worthiness of the donor, the past collections experience, collection enforcement policies, and uncertainties inherent in estimating future cash flows (i.e. variation in timing and amounts).

Bad debts are provided on the allowance method based on aging of the receivable and management's evaluation of outstanding receivables and past due balances. There were no allowances for uncollectible amounts as of June 30, 2015 and 2014, as all amounts were considered fully collectable.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to seven years for furniture and three years for software. VC capitalizes assets over $1,000.

REVENUE RECOGNITION

A contribution is recognized when actually received by VC or the Institute. Promises to give are recognized when any condition upon which they depend are substantially met. Cash from conditional gifts that is received prior to the condition being met is classified as deferred revenue. Contributions that are receivable over a period longer than a year have a present value discount deducted from them at the time the contribution is recognized. That discount is amortized over the period of payment.

Contributions received are recorded either as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Two donors contributed $1,262,000 on an unrestricted basis, which is 87% of VC's total contributions for the year ended June 30, 2015.

Two different donors contributed $975,000, on an unrestricted ($600,000) and temporarily restricted ($375,000) basis, which is 64% of VC's total contributions for the year ended June 30, 2014.

CONTRIBUTIONS AND VOLUNTEER HOURS

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Board of VC and other individuals have made significant contributions of their time and materials to support the programs of VC. However, the value of this contributed time is not reflected in these combined financial statements as revenue and operating expense, since it is not susceptible to objective measurement or valuation, under Accounting Standards Codification Topic 958-605-25 "Not-for-Profit Entities Revenue Recognition".

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing VC's various programs and other activities have been summarized on a functional basis in the statement of functional expenses.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function (i.e. salaries, wages, payroll taxes, benefits, rent, etc.) are charged to programs and supporting services on the basis of periodic time and expense analyses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of VC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

VC and the Institute are nonprofit organizations as described in Section 501(3)(c) of the Internal Revenue Code and Section 23701(d) of the California Tax Code and have obtained determination letters from the Internal Revenue Service and the California Franchise Tax Board to that effect. Accordingly, the primary operations of VC and the Institute are currently considered exempt from federal income and state franchise taxes.

VC applies ASC 740 regarding the accounting for uncertainty in income taxes. Under ASC 740, VC utilizes a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. For the years ended June 30, 2014 and 2013, there were no additional liabilities recorded for unrecognized tax benefits related to tax positions taken in the current year. VC considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

In accordance with ASC 740, VC has elected to include interest and penalties related to its tax contingencies in income tax expense. There were no accruals for interest and penalties related to uncertain tax positions at the inception date or for the years ended June 30, 2014 and 2013.

VC files a Federal and State annual information returns. VC has determined that its major tax jurisdictions are the United States and California. The tax years 2011 through 2013 remain open and subject to examination by the appropriate governmental agencies in the United States and California.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 is summarized as follows:

	2015	2014
Office furniture and equipment	$ 18,811	$ 18,811
Software	9,302	9,302
	28,113	28,113
Less: accumulated depreciation	(28,113)	(27,396)
Total	$ --	$ 717

Depreciation expense for the years ended June 30, 2015 and 2014 was $717 and $760 respectively.

NOTE 4 - IN-KIND REVENUE

VC received donated services and goods totaling $102,369 and $69,098 during the years ended June 30, 2015 and 2014, respectively, which are recorded as in-kind revenue in the combined statements of activities and changes in net assets and as in-kind services and goods in the combined statements of functional expenses. These donated services and goods consisted of the following for the years ended June 30:

	2015	2014
Legal services	$ 54,621	$ 43,174
Goods	9,503	25,174
Services	38,245	750
Total	$ 102,369	$ 69,098

NOTE 5 - RETIREMENT PLAN

VC maintains a 403(b) retirement plan for its full time employees. VC does not make any matching contributions to the participating employee's salary deferrals.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS

VC's Binkley, Madden and Stiegele Endowments include only donor-restricted funds for donor stipulated purposes. The Madden Endowment includes funds from other donors who have similar restrictions to the Madden Endowment. As discussed in Note 2 - Basis of Presentation, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor imposed stipulations that will be met either by actions of VC and/or the passage of time – temporarily restricted net assets are allocated as follows as of June 30:

	2015	2014
Binkley Endowment (Visiting Professor Program)	$ 450,358	$ 453,209
Madden Endowment	134,788	154,949
Wylie Scholar Program	244,271	352,021
Margaret N. Stiegele Endowment	89,510	72,086
Total	$ 918,927	$1,032,265

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

	2015	2014
Wylie Scholar Program	$ 150,000	$ 150,000
Madden Endowment	32,000	--
Stoney Vascular Biobank	25,000	--
Binkley Endowment (Visiting Professor Program)	8,903	--
Total	$ 216,403	$ 150,000

Included in permanently restricted net assets are net assets subject to donor-imposed stipulations that they be maintained permanently by VC. Generally, the donors of these assets permit VC to use all or part of the income earned on related investments for general or specific purposes. Permanently restricted net assets are allocated as follows as of June 30:

	2015	2014
Madden Endowment	$ 502,500	$ 502,500
Margaret N. Stiegele Endowment	1,000,000	1,000,000
Total	$ 1,502,500	$ 1,502,500

FUNDS

In accordance with FASB ASC 958-205, the following table represents the Corporation's Endowment Net Asset Composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2015				
Donor-restricted endowment funds	$ --	$ 918,927	$ 1,502,500	$ 2,421,427
June 30, 2014				
Donor-restricted endowment funds	$ --	$ 1,032,265	$ 1,502,500	$ 2,534,765

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS (CONTINUED)

Changes in restricted net assets during the year ended June 30, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	$ 1,032,265	$ 1,502,500	$ 2,534,765
Donations	67,750	--	67,750
Investment income, net	37,152	--	37,152
Investment net appreciation	(1,837)	--	(1,837)
Expenditures	(216,403)	--	(216,403)
Ending	$ 918,927	$ 1,502,500	$ 2,421,427

Changes in restricted net assets during the fiscal year ended June 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	$ 527,880	$ 1,472,500	$ 2,000,380
Donations	466,750	30,000	496,750
Investment income, net	25,440	--	25,440
Investment net depreciation	162,195	--	162,195
Expenditures	(150,000)	--	(150,000)
Ending	$ 1,032,265	$ 1,502,500	$ 2,534,765

VC is subject to UPMIFA, as enacted by California in 2008 as SB 1329, requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted Madden and Margaret N. Stiegele Endowments absent explicit donor stipulations to the contrary. VC therefore classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent Madden and Margaret N. Stiegele Endowments and (b) the original value of subsequent gifts to the permanent Madden and Margaret N. Stiegele Endowments. The remaining portion of the donor-restricted Madden and Margaret N. Stiegele Endowments not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, VC considers the following factors in marking a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS (CONTINUED)

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization.
7. The investment policies of the organization

INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS

VC has adopted an investment policy with the objective of capital preservation and long-term growth. Under this policy, the Madden and Margaret N. Stiegele endowment assets are currently allocated 70% in stocks, 25% in fixed income securities and 5% in cash.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

VC's investment strategy involves under and over weighting various asset classes based on an assessment of the risk and return potential specific to each asset class at any point in time.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

VC has a policy such that a distribution each year of up to 5% of the average closing market value of the Madden Endowment investments may be considered for general operational use. The Stiegele Endowment allows for spending earnings above the $1 million principal contribution. The distributions for the Madden Endowment may be used for research or general operating expenses. The distributions for the Margaret N. Stiegele Endowment may be used for research purposes. This percentage may be adjusted up or down in the future in order to maintain a fiscally prudent program for distribution consistent with VC's objective to grow and conserve principal in the Madden Endowment with interest and dividend income to be used to help meet the operating expenses. The approval of such distribution is at the discretion of the board.

NOTE 7 - COMMITMENTS

VC entered into an operating lease on August 13, 2010 for its office facility under a non-cancellable operating lease expiring on August 31, 2013. The lease was renewed in August 2013, and will expire on August 31, 2016. The future minimum rental payments due for the year ended June 30, 2016 is $35,917.

Rental expense was $35,982 and $32,906 during the years ended June 30, 2015 and 2014, respectively.

NOTE 8 - SUBSEQUENT EVENTS

VC has evaluated all events and transactions that occurred after June 30, 2015, and through December 2, 2015, the date the combined financial statements were available to be issued. During this period, no events or transactions occurred that would require adjustment to, or disclosure in the combined financial statements.